

Salisbury, North Carolina
December 20, 2011

REGULAR MEETING

PRESENT: Mayor Paul B. Woodson Jr., Presiding; Mayor Pro Tem Susan W. Kluttz, Council Members Maggie A. Blackwell, William (Pete) Kennedy, and, William Brian Miller; Interim City Manager Doug Paris; City Clerk Myra B. Heard; and City Attorney F. Rivers Lawther, Jr.

ABSENT: None

Salisbury City Council met in Council Chambers in City Hall located at 217 South Main Street. The meeting was called to order by Mayor Woodson at 4:00 p.m. The invocation was given by Councilmember Kennedy.

PLEDGE OF ALLEGIANCE

Mayor Woodson led those present in the Pledge of Allegiance to the United States flag.

RECOGNITION OF VISITORS

Mayor Woodson welcomed all visitors present. He welcomed Dr. Jim Emerson, Chair of the Rowan-Salisbury School Board, Mr. Bryce Beard, Rowan-Salisbury School Board Member, Dr. Windsor Eagle, Principal of Salisbury High School and Salisbury High School Athletic Director Joe Pinyon.

RECOGNITION - SALISBURY HIGH SCHOOL LADY HORNETS TENNIS TEAM

Mayor Woodson recognized members of the Salisbury High School Ladies Tennis Team for winning the Central Carolina Conference Championship for the ninth consecutive year, the North Carolina 2A Western Regional Championship, and the North Carolina 2A Tennis Championship for the fourth consecutive year.

Members of the Salisbury High School Girls Tennis Team were: Joy Loeblein, Erika Nelson, Katelyn Storey, Madeline Hoskins, Sallie Kate Meyerhoffer, Alexandra Drye, Caroline Graham, Savannah Ware, Meredith Hovis, and Jordan Pring.

Mayor Woodson read a Proclamation proclaiming December 20, 2011 as Salisbury High School Lady Hornets Tennis Day. He then presented a framed copy of the Proclamation to Team Captains Joy Loeblein and Erika Nelson.

Mayor Woodson congratulated the team and noted it continues to make Council proud.

RECOGNITION - SALISBURY HIGH SCHOOL LADY HORNETS GOLF TEAM

Mayor Woodson recognized members of the Salisbury High School Lady Hornets Golf Team for winning the North Carolina 1A/2A Central Regional Championship and the North Carolina 1A/2A State Championship.

Members of the team were Madeline Hoskins, Brooke Smith, Isabella Rusher, Lily Yatawara, and Coach Dale Snyder.

Mayor Woodson read a Proclamation proclaiming December 20, 2011 as Salisbury High School Lady Hornets Golf Day and presented a framed copy of the Proclamation to Team Captain Lily Yatawara.

Mayor Woodson congratulated the team and stated Council is proud of all that Salisbury High School has accomplished.

Councilmember Blackwell noted Madeline Hoskins served on both the Lady Hornets Golf and Tennis teams. She stated all of the young ladies are excellent students, and Council is very proud of their academic and athletic accomplishments.

Councilmember Kennedy commended Dr. Windsor Eagle, Principal of Salisbury High School, for his leadership and the excellent job he does at Salisbury High School.

Mayor Pro Tem Kluttz noted Council continues to be proud of Salisbury High School.

RECOGNITION - CODE SERVICES DIVISION MANAGER CHRIS BRANHAM AND PLANNING AND DEVELOPMENT SERVICES MANAGER PRESTON MITCHELL

Community Planning Services Director Joe Morris informed Council Code Services Division Manager Chris Branham and Planning and Development Services Manager Preston Mitchell have achieved certifications as Certified Zoning Officials. He noted management supports efforts to provide training and continuing education to employees in an effort to provide the citizens with a well qualified, knowledgeable staff. He explained the certification will help Mr. Branham and Mr. Mitchell interpret and administer City codes with the highest level of

professional competence. He stated Mr. Branham and Mr. Mitchell join Zoning Administrator David Phillips who was been a Certified Zoning Official since 1996.

Mayor Woodson congratulated Mr. Branham and Mr. Phillips for achieving certification as Certified Zoning Officials and thanked them for their contributions to the City.

CONSENT AGENDA

(a) **Approval of Minutes**

Approve Minutes of the Regular Meeting of December 6, 2011, the Recessed Meeting of December 7, 2011 and the Special Meeting of December 12, 2011.

(b) **Budget Ordinance Amendment – Parks and Recreation Department**

Adopt a budget ORDINANCE amendment to the FY2011-2012 budget in the amount of \$5,070 to appropriate various donations to the Parks and Recreation Department.

AN ORDINANCE AMENDING THE 2011-2012 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE VARIOUS RECREATION DONATIONS.

(The above Ordinance is recorded in full in Ordinance Book No. 23 at Page No. 82, and is known as Ordinance 2011-39.)

(c) **Budget Ordinance Amendment – Summer Youth Employment Program**

Adopt a budget ORDINANCE amendment to the FY2011-2012 budget in the amount of \$2,500 to appropriate a donation for the Summer Youth Employment Program.

AN ORDINANCE AMENDING THE 2011-2012 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE SUMMER YOUTH EMPLOYMENT DONATION.

(The above Ordinance is recorded in full in Ordinance Book No. 23 at Page No. 84, and is known as Ordinance 2011-40.)

(d) **Budget Ordinance Amendment – Community Development Block Grant Property**

Adopt a budget ORDINANCE amendment to the FY2011-2012 budget in the amount of \$111,987 to appropriate proceeds from the sale of Community Development Block Grant (CDBG) property.

AN ORDINANCE AMENDING THE 2011-2012 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE PROCEEDS FROM SALE OF HOUSE.

(The above Ordinance is recorded in full in Ordinance Book No. 23 at Page No. 85, and is known as Ordinance 2011-41.)

(e) Budget Ordinance Amendment – Hurley Park Donation

Adopt a budget ORDINANCE amendment to the FY2011-2012 budget in the amount of \$12,000 to appropriate a donation for the Elizabeth Holmes Hurley Memorial Park.

AN ORDINANCE AMENDING THE 2011-2012 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE DONATION FOR HURLEY PARK.

(The above Ordinance is recorded in full in Ordinance Book No. 23 at Page No. 86, and is known as Ordinance 2011-42.)

Councilman Kennedy noted changes to the Minutes of the December 6, 2011 Council meeting and indicated his granddaughter's name should be shown as Briana and Mr. Terry Fox should be noted as Ms. Terry Fox Love.

Thereupon, Mr. Kennedy made a **motion** to adopt the Consent Agenda as presented. Ms. Kluttz seconded the motion. Messrs. Kennedy, Miller, and Woodson, and Mses. Blackwell and Kluttz voted AYE. (5-0)

PRESENTATION REGARDING FIT COMMUNITY RE-DESIGNATION

Public Information Officer Elaney Hassleman and Ms. Amy Smith of the Rowan County Health Department addressed Council regarding the re-designation of the City of Salisbury as a Fit Community. Ms. Smith stated the City originally received the Fit Community designation in 2007. She explained the project was initiated by former Mayor Susan Kluttz who noticed the designation during a trip to the City of Asheville. She noted the original designation expired in 2010, and the City reapplied and was awarded Gold designation through 2014. She explained the Fit Community designations recognize communities that display excellence in physical activity, healthy eating, tobacco free programming and provide policies, environments and lifestyles that support these efforts. Ms. Smith indicated feedback from the State organization noted it was impressed with the City's partnerships and collaboration with Rowan County and other organizations.

Ms. Hassleman reviewed the designation process, noting it was an extensive and competitive process. She stated the application was over 90 pages and included input from multiple City divisions including Salisbury Parks and Recreation and Community Planning Services.

Ms. Hassleman noted the collaborative efforts between the City and its Community Partners, the Rowan County Health Department and the Rowan-Salisbury School System.

Ms. Hassleman recognized the featured local organization efforts for health and wellness

programs at:

- Rowan Regional Medical Center
- Food Lion, Inc.
- Partners in Learning Child Development Center

Ms. Hassleman stated the application was submitted in April 2011 and the designation was to be awarded in June. She explained the City received notification that the program had been eliminated from the State budget for the FY2011-2012. She indicated the City was then notified in the fall that the Fit Community Program was re-implemented and assigned to the North Carolina Division of Public Health under the Physical Activity and Nutrition Branch. She pointed out the City of Salisbury is one of the last recipients of the Fit Community Designation through 2014.

Ms. Smith noted the community strengths for which the City was recognized:

- Tobacco Prevention
- Long Range Planning
- Program Offerings
- Promotion of Health
- Wellness and Obesity Prevention Opportunities

Ms. Smith noted the long term goal is to incorporate policy initiatives that support efforts for:

- Healthy Eating
- Active Living
- Preservation of Agricultural Resources

Ms. Hassleman noted the following remarkable achievements:

- One of three designees (2011-2014)
- Only Gold level designee (2011-2014)
- One of three designees to ever receive Gold (Town of Cary and Mecklenburg County for 2010-2013)
- One of three communities of the 39 designees chosen to be profiled in national case study

Ms. Smith presented the Fit Community Plaque to Mayor Woodson.

Mayor Woodson thanked Ms. Hassleman and Ms. Smith. He stated Council is very proud of the Fit Community Designation, and the fact that the City of Salisbury is one of only three communities to receive the Gold designation.

Mayor Pro Tem Kluttz stated the Gold designation is an incredible accomplishment, and

the City continues to be a leader in the State. She congratulated Ms. Smith, Ms. Hasselman, Staff, and the Community Partners.

PRESENTATION REGARDING DOWNTOWN CENTRAL SCHOOL OFFICE

Mr. Gene Miller, Rowan-Salisbury School System Assistant Superintendant of Operations, addressed Council regarding a Downtown Central Office for the Rowan-Salisbury School System. He noted he made a presentation regarding the possibility of a consolidated administrative office for the Rowan-Salisbury School System to the Rowan-Salisbury School Board at its November and December meetings.

Mr. Miller explained the Rowan County School System and the Salisbury School System merged in 1989 with an understanding the central offices would be combined into one location. He noted the administrative offices were never merged and currently operate at five different locations: Long Street, Ellis Street, Ellis Street Annex, Corporate Square and Horizons Unlimited.

Mr. Miller noted reasons the Rowan-Salisbury School System needs a Central Office:

- The central office location at Long Street is structurally unsound
- The technology “hub” must be updated
- Inefficient cost of operating at five locations
- The central office location at Ellis Street was constructed in 1904 and is in need of repairs and renovations

Mr. Miller reviewed options for consideration:

- Do Nothing
 - The Long Street Office will have structural problems creating liability issues
 - More frequent technology shutdowns
- Fix Long Street
 - Cost between \$2 and \$3 million
 - No permanent fix
- Build a central office at a different location
- Approval of current proposal from a developer

Mr. Miller stated during the last 22 years several proposals and locations have been considered for a consolidated central office building. He indicated the options were not viable due to lack of funding from the Rowan County Board of Commissioners and the Rowan-Salisbury Board of Education. He noted approximately two years ago a potential agreement was underway for a Consolidated Central Office, but it was pulled by the School Board due to the down-turn in the economy.

Mr. Miller read from a structural engineer’s report regarding the condition of the Long

Street facility which stated, "based on our observation, it is our opinion that the building has far exceeded the useful service life of the floor systems utilized as office and administrative space. In our opinion, the structural integrity of the major floor systems may be compromised with the continued use of the building as office space and record storage space."

Mr. Miller informed Council Mr. Randy Hemann, Downtown Salisbury Incorporated Executive Director, presented a proposal to the Rowan-Salisbury Board of Education in June 2011, to consolidate the five central office locations into one building in the 300 Block of South Main Street. Mr. Miller explained the project would qualify for a new market tax credit of \$1.5 million, and the potential developer, Barwick and Associates, would not require up-front funds. He explained the building would be a capital lease purchase that would allow the School System to enter into an agreement with Barwick and Associates to develop the building and lease it back to the School System. He noted the total price of the building is estimated to be \$8.5 million, and if that cost is reduced by the \$1.5 million tax credit and financed over an 8 or 9 year period, it will result in a new building that is affordable for the School Board.

Mr. Miller explained the Rowan-Salisbury School Board has a source of sales tax revenue that will become available in FY2016-2017 to help pay for the new facility. He stated the tax credit the Rowan-Salisbury School Board would receive is known as a Qualified Community Development Entity (QCDE). He noted the Downtown Central Office would qualify for a QCDE because the proposed location is considered a depressed area, and the grants are available to help municipalities complete projects they would not normally be able to do.

Mr. Miller explained the Downtown Central Office could be financed over a period of time and will take into consideration the receipt of additional sales tax funds beginning in FY2016-2017. He noted the Rowan-Salisbury School System would begin owing approximately \$6.9 million. He stated if the building was started immediately, the first partial payment of \$283,654 would not be due until June 2014. He indicated the next two years would require a yearly payment of \$590,210. He noted in FY2016-2017 the payment would be \$1,519,528, and the increase in the payment will be covered by the two half cent sales tax increases passed in 1983 and 1986 to be used for capital projects. He explained the money is currently being used to pay the 1992 Bond Program.

Mr. Miller noted the Rowan-Salisbury School Board spoke with the Rowan County Board of Commissioners, and it was decided the Rowan County Commissioners would support the project if it does not cause a tax increase, require tax revenues, and can obtain regulatory authority approval. He stated the Rowan-Salisbury School Board met with the Local Government Commission and it was decided public approval was required.

Mr. Miller explained the Local Government Commission questioned the capital lease as opposed to conventional financing, and stated the School Board could get a better interest rate than the proposed four and one-half percent interest rate. He reviewed comparison amortization charts and stated a three percent interest rate would result in a break-even situation with the proposed lease purchase, but would require up-front funding.

Mr. Miller reviewed a report compiled by Dixon, Hughes, Goodman noting the problems

with the five office locations. He pointed out the potential upkeep savings of \$253,273 per year for one building as opposed to five:

	Current Administrative <u>Facilities</u>	Central Administrative <u>Facility</u>
Utilities	\$ 85,162	\$120,134
Building Lease Corporate Square	\$ 57,208	
Internet	\$113,400	\$ 37,800
Telephone megalink	\$3,108	
Mileage reimbursement	\$11,082	\$692
Courier	\$11,900	
Custodial salaries and benefits	\$97,884	\$44,961
Clerical Salaries and benefits	<u>\$121,587</u>	<u>\$44,471</u>
Total	\$501,331	\$248,058

Mr. Miller reviewed the projected cash flow savings of a Central Office Building from 2014 through 2021 compared to current facilities. He noted a potential savings of \$5,471,185 over an eight and one-half year period that could be applied to the new building. He stated the Rowan-Salisbury School Board has been told by at least four Rowan County Commissioners, three who are currently in office, not to spend more money than necessary on current administrative buildings due to their conditions.

Mr. Miller concluded his presentation by formally requesting Council provide a parcel of land located in the 300 Block of South Main Street to be used for a Consolidated Central Office Building. He stated the building would be multi-story and approximately 62,000 square feet, which would require approximately one acre to be owned by the Rowan-Salisbury Board of Education. He noted the Rowan-Salisbury Board of Education would like for the City to provide and maintain a paved parking lot at the South Main Street site that would accommodate approximately 160 automobiles. He explained the Rowan-Salisbury Board of Education would not require ownership of the parking lot, but would need exclusive access during normal working hours and planned evening events.

Mr. Miller stated as long as the potential building is owned by the developer, City and County taxes must be paid. He noted if the Rowan-Salisbury School Board elected to use the lease purchase option, the City of Salisbury would receive tax revenue from the Central Office Building for approximately eight and one-half years, which would create approximately \$135,000 in tax revenue for the City. He noted another benefit to the City would be the 150 Rowan-Salisbury School System employees that will be eating and shopping downtown.

Mr. Miller stated the major opposition to the proposed Downtown Central Office Building is the lack of parking, and added in his opinion, citizens are not aware a parking lot is part of the proposal. He stated if Council grants its permission, he is scheduled to present the proposal to the Rowan County Board of Commissioners January 3, 2012.

Councilmember Kennedy asked Mr. Miller to clarify the number of parking spaces

needed for the Downtown Central Office Building. Mr. Miller stated Architect Bill Burgin reviewed the proposal and drew 160 parking spaces for the building.

Councilmember Blackwell asked Mr. Miller to confirm the revenue received from the two half-cent sales taxes is earmarked for construction only. She noted if used, the money will not take educational materials or teachers out of the classroom since the money must be used for construction. Mr. Miller stated that is correct, and the money is dedicated for construction.

Mayor Woodson asked if the 62,000 square foot building included meeting space. Mr. Miller noted the building would include a meeting room and the vision for the space is a three section room that could accommodate 200 to 250 people but could also be closed for three private meeting spaces. Mr. Miller noted the Central Office Building being in a downtown area makes the meeting room accessible to the City, the County, or for a Community event if the space is needed.

Mayor Woodson stated Council wants the Central Office Building downtown, and it will benefit the City. Mr. Miller stated in this situation, the School Board is not requesting a tax increase, and the money will not come out of the County's fund balance. He noted the City would be the biggest contributor due to the donation of the land and the parking lot. He pointed out the Central Office Building will not take funds away from teachers, because the money to be used is designated for construction only.

Councilmember Miller noted many advantages if Council should participate with the Central Office site. He explained the Central Office Building would bring 150 jobs, which would be new to downtown Salisbury, providing an opportunity for increased commerce in the area. He noted it will provide property tax revenue for the City and the County while the developer owns the property. He indicated the Central Office Building appears to be less costly to tax payers due to the tax credits. He pointed out several advantages for the Rowan-Salisbury School System including gains in efficiency and the possible donation of the land and use of the parking lot by the City. He stated the capital lease option will not have up-front cost to Rowan County or the Rowan-Salisbury School System.

Councilmember Miller noted the City will need to perform due diligence in regards to the donation of the parcel of land and the cost of parking lot improvements. He noted it makes sense and he completely supports it.

Thereupon, Mr. Miller made a **motion** to authorize the Interim City Manager to work with Mr. Miller and the folks at the school system to answer some of the questions Council has to get details on. He stated Council wholeheartedly supports this and asks Mr. Miller to get back to Council with the details so Council can give him what he needs to go forward to the Commission. Mr. Kennedy seconded the motion.

Councilmember Kennedy stated he supports the Central Administrative Office in downtown and hopes everyone will work together to get it done.

Councilmember Blackwell stated Councilmember Miller's points were well taken. She

added in addition to benefits from County and City taxes, the downtown site will increase commerce in the area which will increase sales tax. She noted many of the sites being considered are remote and have limited commerce opportunities.

Councilmember Miller stated this is a once in 50 year investment for the community, and it makes sense to put it in a place where it will provide the greatest benefit.

Mayor Pro Tem Kluttz stated she went to work in the Central School Office in 1989, shortly after the merger, and worked there for eight years. She noted during that time she witnessed first-hand the inefficiencies of a divided Central Office. She stated helping the schools has been a goal of Council for many years. She noted the location makes sense since Salisbury is the county seat for Rowan County, and the County offices and City Hall are located here. She noted it is not unusual for parking to be offered as an incentive for development downtown, and it has been done in the past. She indicated this is an opportunity for the County to receive funding from the City and for the City to help the Rowan-Salisbury School System. She noted other locations will not have this benefit, and she hopes the County Commissioners will see wisdom in this. She stated this proposal is a wonderful idea that makes sense, and Council wants to do all it can to help the schools. She noted she feels strongly the City should support this proposal.

Messrs. Kennedy, Miller, Woodson, and Mses. Blackwell and Kluttz voted AYE. (5-0)

SPECIAL USE PERMIT - NEIGHBORHOOD MARKET

SUP-01-11 Neighborhood Market, 702 West Horah Street

(a) **Swearing In**

Mayor Woodson indicated everyone who wished to speak at the public hearing must be sworn in, and he asked those who wished to speak to come forward. Mayor Woodson administered the oath to the following:

Mr. David Phillips
Ms. Vanessa Collier
Mr. James Neal
Mr. Sultan Qasem

(b) **Ex Parte Disclosure**

Mayor Woodson asked Council Members if any member had had any discussion or had prior knowledge about the case. Mayor Woodson stated he greeted the applicants prior to the Council meeting.

Councilmember Kennedy indicated he knew the applicant but has not spoken to him about this particular case.

There were no other ex parte disclosures.

(c) Mayor Woodson convened a public hearing, after due notice thereof, to receive testimony regarding SUP-01-11.

Mr. David Phillips, Zoning Administrator, stated this process is a quasi-judicial process established by the Land Development Ordinance (LDO). He indicated it is up to the applicant to present evidence to justify why the Special Use Permit (SUP) should be approved, and anyone in opposition must present evidence as to why it should not be approved.

Mr. Phillips noted there are three General Standards, and one additional standard, that must be reviewed in this case. He stated if Council does not feel all three of the General Standards have been met, then the SUP should be denied. He added if the General Standards are met and there is sufficient evidence to support this, the SUP must be approved. Mr. Phillips then reviewed the Standards for Decision:

1. The use meets all required principles and specifications of the Ordinance and any adopted land use plans and is in harmony with the general purpose and intent and preserves its spirit; and
2. The proposed plan as submitted and approved will be visually and functionally compatible to the surrounding area; and
3. The public health, safety, and welfare will be assured and the proposed development will not substantially injure the value of adjoining property and associated uses if located where proposed
4. Alcohol sales shall require a Special Use Permit for RMX and NMX only

Mr. Phillips pointed out the second General Standard and noted the site in question is already developed so no plan is attached to the case.

Mr. Phillips stated the reason for the SUP is because of the zoning classification for the property. He noted the sale of alcohol, and in this case the retail sale of alcohol, requires an SUP when located in a Residential Mixed Use (RMX) or Neighborhood Mixed Use (NMX) district. He pointed out the property is located within an NMX district.

Mr. Phillips reviewed an aerial map of the proposed site and pointed out the area of NMX zoning. He noted the location of a funeral home, barber shop, church and vacant lot in the vicinity of the site. He stated the property was used as a neighborhood grocery store for many years, but has been closed for the last several years. Mr. Phillips displayed photographs of the neighborhood surrounding the proposed site.

Mr. Phillips indicated this case was presented to the Planning Board, and it also held a quasi-judicial hearing with Findings of Facts. He referred to the General Standards and noted the Planning Board found that since the property had been used as a neighborhood store in the past and there are no changes being made, it felt the first standard was being met. He stated in regards to the second standard, the Planning Board also felt it was being met because there are no

proposed changes to the exterior of the structure. He indicated with the third standard the Planning Board felt because of the lack of evidence presented it could not be assured that the health, safety, and public welfare would be assured for the use. He added the Planning Board felt this standard was not being met, and since all three standards were not met, the Planning Board recommended denial of the SUP.

Mr. Phillips informed Council the applicant is present and can provide any information or evidence that may provide what Council needs to feel like the third General Standard is being assured. He stated with an SUP Council can place reasonable conditions on the property if it feels they are needed. He noted the conditions would be attached to the SUP and would run with the property. Mr. Phillips stated Council can place a condition that if the property changes hands or moves to a conforming or permitted by right use, then the SUP would be rescinded. He added if complaints should be received or if the conditions of the SUP are not being met, Council can take action to change the conditions or revoke the SUP.

Mr. Phillips stated this use is for a retail sales establishment and is for the sale of alcohol. He added it will be for the sale of beer and wine, and there will be no on-site consumption. He noted because the zoning is NMX, the only condition required is a Special Use Permit granted by City Council. He stated there are no distance concerns related to churches, it only requires an SUP for the use.

Mayor Woodson stated one of the most important things Mr. Phillips stated is that if the SUP is issued, Council has the right to repeal it. Mr. Phillips stated there is criteria in the Ordinance that if there are excessive code violations, non-compliance with adopted conditions, if Council feels what is going on with the property is bringing down the value of the property, or if Council feels the public safety is not being assured, it can bring the applicant back in to discuss the permit.

Mayor Woodson then asked those in favor to speak.

Ms. Vanessa Collier and Mr. James Neal addressed Council. Ms. Collier stated she is the sister and Power of Attorney for Mr. James Neal who is the owner of the property. She stated Mr. Neal not only owns the establishment but also all four parcels on the site. She pointed out an area on the aerial map from the intersection of Craige Street and Horah Street to within five feet of an adjacent church. She stated Mr. Neal had been at this location for 26 years. She noted the reason the store was closed is because Mr. Neal was diagnosed with multiple myeloma in 2009, and she brought him to live with her in High Point. Ms. Collier stated doctors indicated Mr. Neal was terminal and had only two years to live, but he is still alive and doing well. She commented the store was one of Mr. Neal's babies, and he enjoyed working in the neighborhood and loved the people. She added Mr. Neal was very successful in this location in regards to establishing a rapport with the neighbors, and the store had no problems. Ms. Collier stated Mr. Neal and former Police Chief Mark Wilhelm were very good friends, and Mr. Wilhelm had planned to attend the meeting but was delayed. She indicated there have been no problems at this location where Mr. Neal sold alcohol.

Mayor Woodson asked if Mr. Neal sold alcohol for the 26 years the store was in

operation. Mr. Neal responded that he did, and Ms. Collier added there were no problems or incidents.

Ms. Collier indicated the store has been vacant since the end of 2009 when Mr. Neal moved to High Point. She stated there have been several offers to purchase the business, but she and Mr. Neal held off on selling it because of his medical expenses. She noted she had wanted to concentrate on Mr. Neal's health so she never ventured into selling or leasing the property until they were approached by Mr. Qasem. Ms. Collier stated Mr. Qasem seemed to be a very conscientious, well-disciplined and mannered young man with the ingenuity that her brother (Mr. Neal) had. She indicated Mr. Neal wanted to give Mr. Qasem a chance to lease the property for one year with an option to purchase.

Mr. Neal stated he sold alcohol at the store and he does not see why Mr. Qasem could not have a license to sell it and run the place.

Mayor Woodson stated the fact that Mr. Neal sold alcohol for 26 years will certainly be a factor in Council consideration.

Councilmember Kennedy asked Mr. Neal what his hours of operation were for the store. Mr. Neal stated he operated from 7:00 a.m. until 12:30 a.m. Mayor Woodson asked Mr. Neal if he was open seven days per week. Mr. Neal stated the hours were for six days, and he noted he opened on Sundays from 1:00 p.m. and closed at 8:00 p.m. or 9:00 p.m.

Mr. Sultan Qasem, 409 North Colonial Street, appeared before Council. Mayor Woodson asked Mr. Qasem if he wanted to lease the store. Mr. Qasem responded he did. Mayor Woodson asked if there was anything Mr. Qasem could tell Council to help it make a decision to let Mr. Qasem lease the store. Mr. Qasem stated he was trying to make a new business and already has two stores and is trying to make this his third. Mayor Woodson asked Mr. Qasem if he had any experience with this type of store. Mr. Qasem responded he did. Mayor Woodson confirmed Mr. Qasem has operated this type of store before. Mr. Qasem responded he has. Mr. Qasem stated he wants to run a nice business, one that is not a hangout, a very good business.

Mr. Kennedy indicated Mr. Qasem has two stores in East Spencer. Mr. Qasem indicated this is correct. Mayor Woodson asked if both stores sold alcohol. Mr. Qasem stated all of the stores did. Mayor Woodson asked if Mr. Qasem is familiar with some of the problems of selling alcohol. Mr. Qasem indicated he was. Mayor Woodson asked Mr. Qasem the hours of operation for his other two stores. Mr. Qasem replied the hours are 7:30 a.m. until 12:00 Midnight.

There being no one else present to offer testimony, Mayor Woodson closed the public hearing.

Councilmember Miller stated this is a neighborhood that has had some negative pressures, illegal activity or other things that alcohol sales would not help move in a good direction. He commented he does not see evidence to overturn the Planning Board's decision, but he recognizes there is no citizen or neighborhood opposition. He noted there is the opportunity with a Special Use Permit to make corrective action if something is not being

handled correctly. He stated coming into today's meeting he did not think this is something he would be in support of, but he is not against it if the will of the Council is to go in that direction. Mr. Miller indicated he thinks it is good to let people create opportunities to start businesses, and obviously this young man has experience operating other facilities. He stated Council has the ability to revoke the SUP at any time. He noted he is not strong in his opinion either way. He commented if the store is run well it can be a benefit to the neighbors, and if the store is run poorly it can be a detriment but the only way Council will know is to give Mr. Qasem a chance.

Councilmember Blackwell stated she was open before coming into the meeting, indicating she read the background information but did not have her mind made up. She indicated she is sympathetic to both parties and understands where they stand. She stated it is her inclination, because there are two other stores, to table this issue in order to get a crime record on the other two stores. She stated this will allow Council to be sure in regards to activity surrounding the other two businesses and that they have not presented a problem to the community. She added the issue could be revisited at Council's first meeting in January.

Mayor Woodson stated this is not a bad suggestion. He noted Council could also find out if there have been any problems during the 26 years Mr. Neal was in business. He added it sounds like there were not any problems since former Chief Wilhelm was a friend of Mr. Neal's. He stated he had no opinion before the meeting but is leaning more towards allowing the use because it is not close to any houses, and Mr. Neal owns several parcels around it and had alcohol sales for 26 years. He stated he is assuming there were no problems, but it can be reviewed. Mayor Woodson indicated he would like to see a business re-open and one or two people given a job. He added this will produce sales tax for the City and County, and he is very pro business. He stated he is leaning towards allowing this to happen because if there are problems, Council can revoke the SUP.

Mr. Kennedy stated he owns rental property in the town of East Spencer, and he frequents Mr. Qasem's stores on a regular basis. He stated he has seen no problems at any of the stores, day or night, and he is willing to support him trying to operate this store. He noted Council can pull the SUP if something should happen, but he is in favor of voting on this today since he is familiar with Mr. Qasem's operations. He commented he has friends who are aldermen in the Town of East Spencer and they have never mentioned problems with Mr. Qasem's operations.

Mayor Pro Tem Kluttz indicated it is her opinion that Council should be cautious anytime alcohol is added to a fragile neighborhood. She stated she has concerns about how close the site is to Livingstone College and the church. She noted Council can rescind the SUP if there is a problem, and she would like Council to give Mr. Qasem a chance. She stated Council can place time limits on the SUP if it feels alcohol should not be sold late at night. Ms. Kluttz indicated if the question of alcohol is taken away, a neighborhood store is an advantage for a neighborhood and she would hate for Council not to allow it.

Mayor Woodson referred to the hours of operation and noted when Mr. Neal stated his hours were in place for 26 year it swayed him in support.

Mayor Woodson indicated Ms. Blackwell has asked to table this issue, and he asked Ms. Blackwell if she wanted to make this into a motion.

Thereupon, Ms. Blackwell made a **motion** to table this and ask the Police Chief to get a record of the other two stores. She commented Council is not telling Mr. Qasem “no,” but there are track records out there to be checked. She stated she would like to look into this and visit this again at the earliest possible meeting. Ms. Kluttz seconded the motion.

Mr. Miller stated initially he was in favor of tabling the item in order to perform due diligence. He noted with Mr. Kennedy’s recommendation that he has been to the store and is familiar with it, and if Mr. Kennedy does not think there are any issues he can accept this as Council’s due diligence. He noted if no member of Council had ever been to one of the stores he would feel differently, but he is not in favor of tabling the issue given Mr. Kennedy’s recommendation.

Ms. Kluttz stated Mr. Miller makes a very good point, and she withdrew her second. Mayor Woodson noted a second is not required and he called for the vote. Ms. Blackwell voted AYE, and Ms. Kluttz and Messrs. Kennedy, Miller and Woodson voted NO. (1-4)

Mayor Woodson indicated a Finding of Fact is needed.

Mr. Phillips noted Council was given suggested Findings of Fact and Council could choose to adopt any or all of the suggestions as they relate to the three General Standards.

Mr. Kennedy stated the use meets all required principles and specifications of the Ordinance and any adopted land use plans and is in harmony with the general purpose and intent and preserves the spirit; the proposed plan as submitted and approved will be visually and functionally compatible to the surrounding area; and the public health, safety, and welfare will be assured and the proposed development will not substantially injure the value of adjoining property and associated uses if located where proposed. He indicated he submits this as the Findings of Facts. Mayor Woodson stated this is a **motion** and asked for a second. Ms. Kluttz seconded the motion. Ms. Kluttz and Messrs. Kennedy, Miller, and Woodson voted AYE. Ms. Blackwell voted NO. (4-1)

Mayor Woodson indicated the decision is for Council to consider issuing a Special Use Permit for the Neighborhood Market, 702 West Horah Street, and he asked if there was a motion for this. Thereupon, Mr. Kennedy so **moved**. Ms. Kluttz seconded the motion. Ms. Blackwell and Kluttz, and Messrs. Kennedy, Miller and Woodson voted AYE. (5-0) (Ms. Blackwell indicated she did not vote therefore her vote qualified as an affirmative vote.)

Mayor Council wished Mr. Qasem the best of luck.

2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Mr. Wade Furches, Finance Manager, and Mr. Matt Braswell, lead auditor for Martin Starnes and Associates, addressed Council regarding the 2011 Comprehensive Annual Financial Report.

Mr. Braswell thanked Council for allowing Martin Starnes and Associates to work with the City on its annual audit, and thanked Mr. Furches and the finance staff for their assistance. He explained Martin Starnes issued an un-qualified, or clean audit opinion, and reviewed the highlights of the audit:

- Unqualified (clean) opinion
- No material internal control weakness identified
- Cooperative staff

Mr. Braswell noted the audit was submitted to the Local Government Commission (LGC) and has been approved. He then reviewed the audit process:

- Planning and Risk Assessment
- Interim Procedures
- Final Procedures
- Year-round Process

Mr. Braswell explained the fund balance serves as a measure of the City's financial resources available, and reviewed the five classifications for 2011:

- Non spendable – not in cash form
- Restricted – external restrictions (laws, grantors)
- Committed – internal constraints at the highest (Board) level-do not expire, require Board action to undo
- Assigned – internal constraints, lower level that committed
- Unassigned – no external or internal constraints

Fund Balance

- Available fund balance as defined by the Local Government Commission (LGC) is calculated as follows:
 - Total Fund Balance
 - Less: Non spendable (not in cash form, not available)
 - Less: Stabilized by State Statute (by state law, not available)
 - Available Fund Balance

Mr. Braswell displayed a graph showing the total fund balance in the General Fund decreased by \$418,147 in the previous year, or approximately five percent.

Fund Balance Position – General Fund

Total Fund Balance	\$8,486,390
Non spendable	- 319,844
Stabilization by State Statute	<u>- 4,333,746</u>
Available Fund Balance	\$ 3,832,800

Available Fund Balance 2010	\$4,715,530
Decrease in Available Fund Balance	\$882,730

Mr. Braswell noted a decrease in the available fund balance of approximately \$900,000. He explained this was due to grant expenditures in the current year that will not be fully reimbursed until after the end of the year. He stated if the City had received the reimbursements before year-end the decrease would have been less than \$400,000. He displayed charts showing available fund balance as a percent of expenditures of the General Fund and a General Fund summary. He reviewed a graph showing the top 3 revenues for the City:

- Property Tax 52%
- Sales Tax 14%
- Charges for Services 16%
- Other Revenue 18%

Mr. Braswell displayed a graph noting the top three expenditures from the General Fund:

- General Government 25%
- Public Safety 38%
- Transportation 15%
- Other Expenditures 22%

Mr. Braswell reviewed the Enterprise Funds less the operating income or loss on a budgetary basis for 2011:

	<u>Water and Sewer</u>	<u>Broadband Services</u>	<u>Transit</u>
Total Revenues	\$22,193,361	\$611,140	\$683,752
Expenses			
Operating	\$14,693,272	\$1,992,316	\$1,078,550
Debt Service	\$6,003,790	\$868,297	
Capital Outlay	\$1,015,729	\$0	\$0
Total Expenses	<u>\$21,712,791</u>	<u>\$2,860,613</u>	<u>\$1,078,550</u>
Revenues over			
Expenditures	\$ 480,570	(2,249,473)	(394,798)
Transfers (to)			
from other funds	(150,000)		416,785
Interfund loan			
Net Income	<u>\$330,570</u>	<u>\$(1,054,779)</u>	<u>\$ 21,987</u>

Mr. Braswell explained the Broadband Services fund was expected to report a loss due to start-up cost and a partial year of revenue stream.

Mr. Braswell reviewed the report findings:

- Condition: At the end of the current year, the Broadband Services Fund and the Employee Health Care Fund were operating in a deficit (deficit net assets).
- Effect: The City was in violation of North Carolina General Statutes. This finding is simply a notation in these statements and does not result in any penalty.
- Management expects future revenues will eliminate the deficit net assets in the Broadband Services Fund and management has increased insurance premiums for the 2012 fiscal year to eliminate the deficit net assets in the Employee Health Care Fund.

Mr. Braswell noted the City was able to reduce its total debt by approximately \$4 million in the current year. He noted the City's legal debt margin is \$189 million, and the total debt outstanding is approximately \$87 million, which is well within the legal debt margin.

Mayor Woodson commented reducing the debt by \$4 million is a great accomplishment. He noted property tax revenue increased approximately one percent for the last three years, and asked how this increase relates to other cities. Mr. Braswell stated other cities are having a gradual increase. Mayor Woodson asked if there was a gradual upward trend with sales tax also. Mr. Braswell stated in the 15 municipalities and governments he services revenue has been roughly consistent.

Interim City Manager Doug Paris stated the funding for the Health Care Fund has been addressed and corrected. He stated the Finance Department and the Human Resources Department will dually monitor the Health Care Fund, and if it comes close to operating in a deficit again corrections will be made in the fourth quarter. He noted staff is looking at what is driving health care expenses and will address it when the Annual Budget is presented.

Councilmember Miller asked if the City's debt limit is \$189 million with a current debt exposure of \$87 million. Mr. Braswell stated that was correct. Mr. Miller noted the City's debt is well below the amount allowed by the LGC. He pointed out this audit was a clean opinion, and the Health Care Fund and Broadband need to be monitored closely, but the overall financial health of the City is good.

Mr. Braswell stated the report findings are new this year due to new transparency rules from the LGC. He pointed out the Health Care and Broadband issues must be reported as findings, whereas in previous years they would not have qualified as findings.

Mayor Woodson asked Interim City Manager Doug Paris how the first year of the City's Broadband revenue compares to the City of Wilson's during its first year. Mr. Paris stated other cities that have run Broadband funds are typically in a negative equity during their start-up. He noted in meeting with the City of Wilson last week he found Salisbury is in the same place Wilson was after one year. He noted staff will continue to work to improve the Fibrant operation and show those improvements in the upcoming budget. Mayor Woodson commented it is hard to make a profit during the first year for a new business.

Councilmember Miller asked Mr. Paris if Council would be spending more time on Fibrant during its Goal Setting Retreat. He noted December is the first anniversary of the launch of Fibrant, and Council needs to give more detail regarding Fibrant to the citizens. Mr. Paris stated in one year the City has gone from zero percent of the market to 13% of the market with over 1,500 customers. He stated Fibrant is growing in an extremely tough market.

Assistant City Manager John Sofley commented that considering the previous year and the current economy, Fibrant did very well overall and is in a good position moving forward.

Mayor Woodson stated this has been a challenging year for the country, and the City has done an outstanding job to pay off \$4 million in debt. He thanked Mr. Braswell and staff for their work on the audit report.

SALISBURY TRANSIT DRUG AND ALCOHOL TESTING POLICY

Public Services Director Tony Cinquemani addressed Council regarding an update to the Salisbury Transit Drug and Alcohol Testing Policy. He stated the Federal Transit Administration (FTA) occasionally reviews the North Carolina Department of Transportation (NCDOT) policies. He noted in the last review the FTA made minor changes to the NCDOT Drug and Alcohol Testing Policy. He explained since the City receives funds from the Federal and State governments, Salisbury Transit is expected to adopt the requested changes. He stated the policy

changes have been reviewed by the City's Human Resources Department, Risk Management Department, and the Transportation Advisory Board, and he noted the changes will not negatively affect the City's existing Drug and Alcohol Testing Policy. He indicated staff recommends Council adopt the policy and changes to Salisbury Transit Drug and Alcohol Testing Policy.

Thereupon, Ms. Kluttz stated she would like to make the **motion**. Ms. Blackwell seconded the motion. Messrs. Kennedy, Miller, Woodson, and Mses. Blackwell and Kluttz voted AYE. (5-0)

PUBLIC COMMENTS

Mayor Woodson opened the floor for public comment.

Mr. William Peoples, 522 North Fulton Street, stated he is not in favor of the Central School Office being located downtown. He stated even though Council seems to have made up its mind there is a lot of transparency that has not been told. He noted Council Members are stewards of taxpayer's money, and the proposed property in the 300 Block of South Main Street was bought with taxpayer's money at a cost of \$1.25 million. He stated the property belongs to the taxpayers, and he asked how Council can legally give it away and build a parking lot at City taxpayer's expense. He noted City employees have lost their jobs due to budget cuts yet Council is planning to take money out of the budget to build a parking deck without knowing how much it will cost. He stated if the Rowan-Salisbury School Board wants out of the Long Street building, the County has offered two alternatives: the Social Services Building and the Child Protective Building on Mahaley Avenue. He indicated in his opinion the root of the problem is poor management and poor planning. Mr. Peoples stated there are schools that need to be replaced before a Central Office is built. He noted a Central Office Building is needed, but the City should sell the property to the School System at fair market value. He commented a business should make an offer on the City's property in order to benefit the citizens.

Mr. Clyde Overcash, Bank Street, addressed Council regarding the parking lot that would be given to the Rowan-Salisbury School Board. He noted the citizens need more information and recommended a voter referendum in the spring. He stated he is concerned about the parking lots the City currently owns and maintains due to the use of weed eaters and leaf blowers on an almost daily basis. He indicated the debris from the weed eaters and leaf blowers ends up on neighboring residential property. He explained a Code Enforcement Officer visited his property and wrote a citation, but it is the City's garbage and water coming through City parking lots onto his property. He noted the City does not need any more parking lots.

Mr. Gene Miller, 105 Travis Lane, addressed the issues mentioned by Mr. Peoples, and he explained the Rowan-Salisbury School Board requested a parking lot not a parking deck, and a parking lot is less expensive to build. He stated the building at Long Street is a safety issue, and he referred to the structural engineer's report. He indicated \$192 million has been spent on school buildings since 1992. He noted an elementary school cost approximately \$11 to \$12 million to build, and the School Board does not have the money to build an elementary school.

He pointed out the Central Office employees deserve to work in a safe, clean environment.

There being no one else to speak, Mayor Woodson closed the public comments

INTERIM CITY MANAGER'S COMMENTS

(a) Purchase of Emergency Radios

Interim City Manager Doug Paris addressed Council regarding Council's goal to partner with Rowan County and the Rowan-Salisbury School System on various items that benefit all groups. He noted he was pleased to learn that Rowan County approved the purchase of the Apex 6000 radios. He stated Salisbury Fire Chief Bob Parnell demonstrated the radios at a recent Council meeting and made a case why the City felt the City and County Fire Departments would benefit from these radios. He stated the County approved the purchase of the radios, and the City will receive 50 Apex 6000 radios at a value of approximately \$185,000. He noted this is money that will not have to be taken out of the General Fund.

(b) Salisbury-Rowan Utilities Project

Interim City Manager Doug Paris stated at a recent Rowan-Salisbury School Board meeting the School Board approved participation in the Salisbury-Rowan Utilities project related to Magna and West Rowan Middle School. He noted this is a big financial contribution to the City's water and sewer fund. He stated the discussions with the County continue to be positive, and with Council's permission he will continue discussions with County Manager Gary Page on the other elements of service delivery to the area.

Mayor Woodson thanked the Rowan County Commissioners for the purchase of the 50 Apex 6000 radios. He stated the radios are a valuable asset to the City and will help the relationship between the two governments.

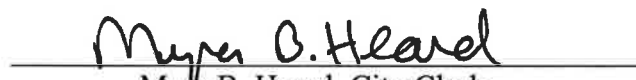
MAYOR'S ANNOUNCEMENTS

Mayor Woodson, on behalf of Council, wished everyone a wonderful holiday and a prosperous 2012.

ADJOURNMENT

Motion to adjourn the meeting was made by Mr. Miller, seconded by Ms. Blackwell. All council members in attendance agreed unanimously to adjourn. The meeting was adjourned at 6:13 p.m.


Paul B. Woodson, Jr., Mayor


Myra B. Heard, City Clerk